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E.O. 12958: DECL: 04/23/2034  
TAGS: [PINR](#) [ECON](#) [EFIN](#) [EINT](#) [AJ](#) [AM](#) [GG](#)  
SUBJECT: (U) REQUEST FOR INFORMATION ON POLITICAL  
IMPLICATIONS OF GLOBAL FINANCIAL CRISIS IN CAUCASUS  
(C-RE9-00772)

Classified By: SUZANNE MCCORMICK, DIR., INR/OPS. REASON: 1.4(C).

11. (C) WASHINGTON ANALYSTS ARE CLOSELY MONITORING THE POLITICAL IMPLICATIONS OF THE GLOBAL FINANCIAL CRISIS. TO THIS END, ANALYSTS ARE INTERESTED IN INFORMATION REGARDING HOW THE FINANCIAL CRISIS HAS AFFECTED THE SOUTH CAUCASUS--IN PARTICULAR, THE GOVERNMENTS OF ARMENIA, AZERBAIJAN, AND GEORGIA. ANALYSTS REQUEST ANY INFORMATION OR INSIGHT INTO THE IMMEDIATE ECONOMIC AND FINANCIAL PROBLEMS THAT BUSINESSES, INDIVIDUALS, AND BANKS ARE CURRENTLY FACING IN THESE COUNTRIES, AND WHAT ECONOMIC AND FINANCIAL ISSUES MOST CONCERN NATIONAL LEADERS IN THE NEAR-TERM. ANALYSTS REQUEST THAT POSTS SHARE ANY INSIGHT AVAILABLE INTO THE IMPACT OF THE ECONOMIC CRISIS IN THESE COUNTRIES, AS WELL AS ANY RELEVANT DECISIONS BY NATIONAL LEADERS, AS TIME AND RESOURCES PERMIT.

1A. (U) THE FOLLOWING QUESTIONS APPLY TO ARMENIA, AZERBAIJAN, AND GEORGIA:

1) (C) WHICH NATIONAL LEADERS AND/OR CABINET FIGURES ARE MOST ACTIVELY INVOLVED IN ECONOMIC DECISIONMAKING? ARE THERE DIFFERING OPINIONS WITHIN THE NATIONAL LEADERSHIP REGARDING APPROPRIATE ACTIONS IN LIGHT OF THE ECONOMIC CRISIS?

2) (C) WHAT ROLE DO OUTSIDE ADVISORS (FROM THE US TREASURY, IMF, WORLD BANK, EBRD) HAVE IN SHAPING ECONOMIC POLICY? HOW DO NATIONAL LEADERS REGARD THEIR VIEWS?

3) (C) HOW DOES THE PUBLIC PERCEIVE THEIR COUNTRY'S ECONOMIC SITUATION COMPARED TO OTHERS IN REGION (OTHER CAUCASUS COUNTRIES, RUSSIA, UKRAINE, ETC)?

4) (C) HOW DO LOCAL BANK OFFICIALS VIEW THE PERFORMANCE OF NATIONAL OFFICIALS IN HANDLING THE CURRENT FINANCIAL SITUATION? ARE BANK OFFICIALS LOBBYING THE CENTRAL BANKS TO TAKE CERTAIN ACTIONS--FOR EXAMPLE, RECAPITALIZING BANKS OR PURSUING FOREIGN EXCHANGE POLICY?

5) (C) WHAT PRECAUTIONS, IF ANY, ARE BANKS TAKING IN LIGHT OF THE GLOBAL FINANCIAL CRISIS? SPECIFICALLY, ARE LOCAL BANKS TAKING ANY PRECAUTIONS REGARDING THEIR FOREIGN EXCHANGE EXPOSURE, OR ARE THEY PURSUING EXTERNAL FUNDING FROM WESTERN BANKING OR INTERNATIONAL LENDING INSTITUTIONS? FOR SUBSIDIARIES OF FOREIGN-OWNED BANKS, IS THERE CONCERN THAT FOREIGN BANKS WILL WITHDRAW SUPPORT FOR THESE SUBSIDIARIES?

6) (C) TO WHAT EXTENT ARE BANKS EXPRESSING CONCERN ABOUT CURRENCY DEPRECIATION?

7) (C) ARE INDIVIDUALS SWITCHING LOCAL CURRENCY BANK DEPOSITS INTO DOLLAR OR EURO-DENOMINATED ACCOUNTS?

8) (C) ARE BUSINESS OWNERS CURRENTLY ABLE TO OBTAIN BANK LOANS? IF SO, AT WHAT TERMS?

9) (C) HAS THERE BEEN ANY RECENT CHANGE IN REMITTANCES FROM

ABROAD? ARE WORKERS RETURNING FROM RUSSIA, EUROPE, AND OTHER COUNTRIES DUE TO LACK OF WORK?

10) (C) TO WHAT EXTENT ARE CONSTRUCTION PROJECTS BEING DELAYED AND/OR FROZEN PRIOR TO COMPLETION? WHAT IS CAUSING PROJECTS TO FALL SHORT OF COMPLETION?

11B. (U) THE FOLLOWING QUESTIONS APPLY SPECIFICALLY TO AZERBAIJAN:

1) (C) HOW MUCH MONEY IS BEING TRANSFERRED FROM THE STATE OIL FUND BACK INTO THE BUDGET? HOW IS THE GOVERNMENT ACCOUNTING FOR THESE TRANSFERS IN THE GOVERNMENT BUDGET?

2) (C) WHICH PARTS OF THE GOVERNMENT BUDGET, IF ANY, ARE OFFICIALS INDICATING WILL BE UNFUNDED IF OIL PRICES REMAIN BELOW THE \$65/BARREL BASELINE USED IN WRITING THE BUDGET? HOW HAVE OFFICIALS INDICATED DEFENSE SPENDING SPECIFICALLY WILL SUFFER, IF AT ALL?

3) (C) WHAT PLANS, IF ANY, DOES THE GOVERNMENT HAVE TO BUY UP UNFINISHED OR UNPROFITABLE REAL ESTATE PROPERTIES IN BAKU? ARE CONSTRUCTION/REAL ESTATE BUSINESSES LOBBYING FOR SUCH A MOVE?

11C. (U) THE FOLLOWING QUESTION APPLIES SPECIFICALLY TO ARMENIA:

1) (C) WHAT DO NATIONAL OFFICIALS ASSESS WILL BE THE IMMEDIATE ECONOMIC IMPACT OF REOPENING THE BORDER WITH TURKEY? THE LONG-TERM IMPACT? HOW DO LOCAL BUSINESSES ASSESS AN OPEN BORDER WILL HELP OR HURT ECONOMICALLY IN THE NEAR-TERM?

12. (U) PLEASE CITE C-RE9-00772 IN THE SUBJECT LINE OF REPORTING IN RESPONSE TO THE ABOVE QUESTIONS.  
CLINTON